

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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## MEMORANDUM

TO: Springfield Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: June 1, 2018

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY19 (since the amount under the prior schedule was maintained in FY19) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.65% to 7.40% and a slight adjustment to the fully generational mortality assumption.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

JEC/jrl

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### Springfield Retirement System January 1, 2018 Actuarial Valuation

Total cost increases 9.0% per year until FY32 with a final amortization payment in FY33

<u>Fiscal Year</u>	<u>Normal Cost</u>	<u>Net 3(8)(c)</u>	<u>Amort. of 2002 ERI</u>	<u>Amort. of 2003 ERI</u>	<u>Amort. of UAL</u>	<u>Total Cost</u>	<u>Unfunded Act. Liab.</u>	<u>Change in Cost</u>
2019	11,576,928	1,200,000	1,879,989	953,753	50,113,610	65,724,281	915,899,922	
2020	12,097,890	1,200,000	1,964,589	996,672	55,380,315	71,639,466	926,811,059	9.0%
2021	12,642,295	1,200,000	2,052,995	1,041,523	61,150,206	78,087,018	932,736,224	9.0%
2022	13,211,198	1,200,000	2,145,380	1,088,391	67,469,881	85,114,850	932,759,872	9.0%
2023	13,805,702	1,200,000	2,241,922	1,137,369	74,390,193	92,775,186	925,848,380	9.0%
2024	14,426,959	1,200,000	2,342,809	1,188,550	81,966,636	101,124,953	910,836,734	9.0%
2025	15,076,172	1,200,000	2,448,235	1,242,035	90,259,757	110,226,199	886,413,806	9.0%
2026	15,754,599	1,200,000	2,558,406	1,297,927	99,335,625	120,146,557	851,106,099	9.0%
2027	16,463,556	1,200,000	2,673,534	1,356,333	109,266,323	130,959,747	803,259,788	9.0%
2028	17,204,416	1,200,000	2,793,843	1,417,368	120,130,496	142,746,124	741,020,903	9.0%
2029	17,978,615	1,200,000			136,414,660	155,593,275	662,313,456	9.0%
2030	18,787,653	1,200,000			149,609,017	169,596,670	564,815,307	9.0%
2031	19,633,097	1,200,000			164,027,273	184,860,370	445,931,555	9.0%
2032	20,516,587	1,200,000			179,781,217	201,497,804	302,765,198	9.0%
2033	21,439,833	1,200,000			132,084,796	154,724,629	132,084,796	-23.2%
2034	22,404,626	1,200,000				23,604,626	0	-84.7%

Appropriation payments assumed to be made on July 1 of each fiscal year

Normal cost assumed to increase 4.5% per year

Assumed expenses of \$1,150,000

FY19 amount maintained at level of current funding schedule